



ADDENDUM

I

RESERVATION APPLICATION

FOR

LOW INCOME HOUSING

TAX CREDIT

ADDENDUM I

FOR 2004 HOUSING TAX CREDIT

FUNDING ROUND: ☐ March 15 ☐ July 15 ☐ Other

APPLICATION FILING REQUIREMENTS

- If submitting UP TO THREE applications per funding round, a fee of \$35 per low-income unit must be submitted with this Housing Tax Credit addendum for each application, with a maximum of \$1,500.
- If submitting FOUR OR MORE applications per funding round, a fee of \$50 per low-income unit must be submitted with this Housing Tax Credit addendum, with a maximum of \$2,000. THE EXTRA FEE APPLIES TO THE ADDITIONAL APPLICATIONS ONLY.
- A fee of \$100 will be assessed each time a check is returned to the Authority for non-sufficient funds.
- The Primary Application (Pages 1 - 27), Housing Tax Credit Addendum (Pages I-1 through I-39), and all exhibits MUST be submitted in a three ring binder.
- All exhibits must be tabbed in accordance with the list on pages I-3 through I-6 of this addendum, indexed, and placed at the end of the addendum - *not within the body of the addendum*.
- A Primary Application and Housing Tax Credit Addendum submitted on computer-generated forms MUST exactly replicate the pages in these documents. Reproduced applications and addenda must include page numbers matching original forms.
- Failure to submit a complete application and addendum in accordance with instructions, together with required documentation will result in a determination that the proposed project is ineligible for credit, and all documentation may be returned without being ranked or scored.
- Faxed applications will not be accepted.
- The application, addendum & all exhibits must be at the Lansing office no later than 5:00 P.M. on the application due date of the funding round. Applications received after 5:00 P.M. will not be accepted.
- In the event of any conflict or discrepancy between the application filing requirement(s) as stated in the Combined Application, the Exhibit Checklist, or Addendum I with the application filing requirement(s) as stated in the Qualified Allocation Plan (the "QAP"), the requirement(s) of the QAP shall control.

Housing Tax Credit Program Statement

The Housing Tax Credit program is an investment vehicle created by the federal Tax Reform Act of 1986, which is intended to increase and preserve affordable rental housing by replacing earlier tax incentives (such as accelerated depreciation) with a credit directly applicable against taxable income. This program permits investors in affordable rental housing corporations, banking institutions, and individuals to claim a credit against their tax liability annually for a period of 10 years.

The maximum tax credit a project may receive is based on a percentage of the portion of rental housing (whether the housing is newly constructed or rehabilitated) that the owner agrees to maintain as both rent and income restricted for a period of at least 18 years. At a minimum, either 20% of the units must be for residents whose incomes do not exceed 50% of area median income or 40% of the units must be for residents whose incomes do not exceed 60% of the area median income (as determined and adjusted annually by HUD). The rents on the units must also be restricted. A credit equal to roughly 9% of the qualified basis of construction or rehabilitation costs is available to developments not utilizing federal or tax-exempt financing. A credit roughly equal to 4% of the qualified basis is applicable where federal or tax-exempt financing is utilized and, in certain cases, for acquisition costs associated with rehabilitation.

Michigan's annual credit authority is approximately \$18 million. The process used by MSHDA to evaluate applications and allocate credit is described in the Qualified Allocation Plan, which is located under Tab B of this packet. Briefly, a Primary Application and the Housing Tax Credit Addendum, including detailed financial information and various supporting documentation, must be submitted to MSHDA for review and evaluation. The process involves four stages - reservation, allocation, commitment, and placed in service. The final determination of how much credit will actually be awarded is made once the work has been completed.

NOTE: There are now separate checklists for each of the following programs:

- **Addendum I - LIHTC Program**
- **Addendum III - Special Needs Rental**
- **Addendum IV - Multi-Family Direct Lending/HOME Team Advantage**
- **Addendum V - Modified Pass Through Program**
- **Addendum VII - Section 236 and Section 202 Preservation Programs**

Please use the checklist applicable to the program for which you are applying.

The following items **MUST** be submitted if applicable to the project and/or for points to be given to the project. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist with your application. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **APPLICANTS APPLYING FOR MORE THAN ONE TYPE OF FINANCING MUST INCLUDE ALL APPLICABLE CHECKLISTS' EXHIBITS. DUPLICATION OF EXHIBITS IS NOT NECESSARY.**

EXHIBIT CHECKLIST		
Addendum I / Addendum V:		
✓	#	LIHTC / modified pass-through program
	1	A narrative description of the project which includes the type of project; location; type of financing; tenants served, bedroom mix; local, federal or state subsidies; and other relevant information.
	2	Land Control - Documentation, signed by all applicable parties, in the form of warranty deed, exclusive option to purchase, land contract, etc., which evidences ability to maintain site control for 120 days from the date of application submission, with extensions available, or until December 31 st .
	3	Zoning - Documentation from the appropriate local official on official letterhead, identifying the address of the project, the property's current zoning designation and an explanation of whether or not the project is permitted under the zoning ordinance. For rehabilitation projects a letter from the municipality stating that the zoning is compatible with the proposed use of the buildings is required. If the project is not currently properly zoned, what, if any, steps are in process to obtain proper zoning for the proposed development. The documentation must include a timetable for rezoning.
	4	Site Utility Availability - Documentation from the municipality and/or local utility companies on their letterhead regarding utility availability and adequacy to serve the site, including whether such is currently available or will be available.
	5	Market Data - See Tab C for specific guidelines. Two copies must be submitted and dated within six months of application submission. TO TAKE ADVANTAGE OF THE PRE-REVIEW, SUBMIT A MINIMUM OF 30 DAYS PRIOR TO THE FUNDING ROUND.
	6	Environmental Assessment - Level 1 Environmental Assessment or, if necessary, a Level II with a remediation plan. Dated within six months of application submission. See Tab D for specific requirements. TO TAKE ADVANTAGE OF THE PRE-REVIEW, SUBMIT A MINIMUM OF 30 DAYS PRIOR TO THE FUNDING ROUND.
	7	Lease/Purchase: See LIHTC Policy Bulletin #16 in Tab W.

EXHIBIT CHECKLIST

Addendum I / Addendum V:

LIHTC / modified pass-through program

✓	#	
	8	Title Insurance Commitment - dated within 180 days of the date of application submission, which sets forth all encumbrances on the property, together with copies of such encumbrances. For scattered sites, include a list of all properties and their addresses.
FOR EXHIBITS 9A THROUGH 9G, DUPLICATION OF INFORMATION IS <u>NOT</u> NECESSARY		
	9a	Construction Financing - Evidence of application to construction lender showing that application is under serious consideration. FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION SUBMISSION.
	9b	Permanent Financing - Evidence of submission of application to mortgage lender: in the case of an RHS project, the completed AD 622 form (or a letter signed by an official of RHS for Tax Credits); in the case of conventional financing, documentation from the lender(s) stating that a formal application for permanent financing has been submitted and is under serious consideration; and in the case of a MSHDA financed project, evidence that the project has been accepted for processing. All documentation must include mortgage amount, interest rate and term of loan. FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION SUBMISSION.
	9c	Confirmation of Secondary Financing - if applicable. Proposals which rely on some form of secondary financing to achieve feasibility must be accompanied by a detailed explanation and a confirmation from the source of that secondary financing that the additional funds have been applied for and are (or are expected to be) available. FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION SUBMISSION.
	9d	Federal, State or Local Government Financing - <ul style="list-style-type: none"> Letter from local municipality stating that application has been submitted and amount of request, terms and interest rate. If applying for tax credit points for using federal, state, or local financing, the letter must state the amount of the financing, the terms, the interest rate, and that the financing has been approved. Points will be awarded only for long-term, permanent financing. To obtain points for CIP financing, a commitment letter from the FHLB must be submitted. FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION SUBMISSION.
	9e	Grants/Other Subsidies - Letter from proposed grantor stating that application has been submitted and amount of request. If applying for points, the letter must state the amount of the grant/subsidy and that it has been approved. FOR BONUS POINTS, FIRM COMMITMENT MUST BE DATED WITHIN 30 DAYS OF APPLICATION SUBMISSION.
	9f	Existing Project Financing (for acquisition/rehab projects only) - Copy of existing mortgage(s), if assumption. For acquisition/rehabilitation projects of existing low income units financed by HUD, RHS, or MSHDA, signed written evidence from the appropriate agency that the transfer of assets has been submitted to the financing agency <u>must</u> accompany the tax credit application.
	9g	Syndication – If available.
	10	Community Map - A map showing the major streets in the community, identifying the precise location of the site as well as the location of various facilities and amenities such as food stores, drug stores, schools, social services, railroads, parks, churches, etc. in the immediate neighborhood. This community map must be in an 8 ½" x 11" format, ready for copying and distribution to MSHDA staff and private appraisers without further required annotation.
	11a	Owner Experience - MUST COMPLETE FORM PROVIDED ON PAGE 25 OF PRIMARY APPLICATION. Do not send Previous Participation Certification, FmHA 1944-37, or HUD 2530.

EXHIBIT CHECKLIST

Addendum I / Addendum V:

LIHTC / modified pass-through program

✓	#	
	11b	Management Entity Experience - MUST COMPLETE FORM PROVIDED ON PAGE 26 OF PRIMARY APPLICATION. Previous Participation Certification, FmHA 1944-37, or HUD 2530 will not be considered for management experience points.
	12	Affirmative Fair Housing Marketing Plan - See Tab P for AFHMP guidelines.
	13	<p>Nonprofit Documentation - A through J are ALL required if applying under the tax-credit nonprofit set-aside and/or for nonprofit points.</p> <ul style="list-style-type: none"> a) Documentation of Federal 501(c)(3) or (4) status from the IRS b) A certified copy of the Articles of Incorporation dated within 30 days of application submission c) Copy of by-laws d) List of the board of directors, if applicable - To receive points, the list must include the address of each board member e) An executed agreement between the sponsor and the non-profit if the project is a joint venture. f) Description of the nonprofits previous experience in housing. Must complete form provided on Page 27 of Primary Application. g) Current Certificate of Good Standing dated within 30 days of application submission h) Map outlining service area of nonprofit i) Narrative describing the non-profit's involvement in the local community j) Proof of CHDO approval (if applicable) <p>NOTE: Must be more than 50% nonprofit, general partnership ownership</p>
	14	Ownership Entity Formation - Certified copy (dated within 30 days of application submission) of the certificate of limited partnership and any amendments on file with the Corporation and Land Development Bureau, if applying for tax-credit readiness points.
	15	Tax Abatement - Proof of tax abatement or a letter of tax abatement support from local taxing jurisdiction. See Addendum I pages I-17, I-18 and I-23 for specific filing requirements.)
	16	Site Plan Approval - A letter signed by the appropriate official of the municipality on its letterhead which identifies the project's name and address and states that final site plan approval has been granted; or, if site plan approval has been granted with contingencies, a Statement in the letter stating that the contingencies do not have to be approved by the planning board but may be approved at a staff level. Failure to provide a clear letter which addresses final site plan approval and how contingencies are handled may result in the loss of points for this category. (For rehabilitation projects, a letter from the municipality indicating that the relevant board or commission of the municipality has reviewed the proposal, including the level of rehabilitation work to be completed, the site, and that no further plan approvals are necessary.)
	17	Proof of Local Taxation Rate (if no tax abatement) For acquisition/ rehabilitation a tax bill will meet requirement.
	18	Renaissance Zone (if applicable) - Letter on official letterhead and signed by an official of the local municipality which verifies that the property is in a designated Renaissance Zone.

EXHIBIT CHECKLIST

Addendum I / Addendum V:

LIHTC / modified pass-through program

✓	#	
	19	<p>Special Needs Exhibit Checklist: – Eight tabbed copies of exhibits A through I are ALL required to receive special needs points. See Addendum III for instructions.</p> <ul style="list-style-type: none"> a. Table of contents b. Project description c. Proposed rents d. Service partner e. Supportive Services Plan f. Memorandum of Understandings (MOU)/Contracts g. Summary of Collaborative Effort h. Rental Subsidies for Special Needs (if applicable) i. Other <p>Exhibits 1-34 listed in Addendum III (Special Needs Rental) are <u>NOT</u> required).</p>
	20	<p>Community Revitalization Plan (if applicable) – Documentation from the appropriate local official, on official letterhead, identifying the address of the property, stating that the property is located in an area for which a community revitalization plan is in place, and demonstrating that the proposed housing project contributes to the plan.</p>
	21	<p>Trade Payment Breakdown – For acquisition/rehabilitation projects only.</p>
	22	<p>U.S. Department of Treasury Waiver (if applicable for tax-credit acquisition only)</p>
	23	<p>Projects Serving the Elderly - Must submit a drawing of building in which community space is located to receive points. The total square footage of the community space must be indicated in the drawing. (The drawing must be small enough to fit in a binder, but can be a fold-out. To receive the points, it must also clearly indicate the location and size of the community room.)</p>
	24	<p>Preservation Holdback –In addition to applicable exhibits 1 - 27, the following must be submitted:</p> <ul style="list-style-type: none"> a. A current (within 1 year) independently prepared Capital Needs Assessment b. A current (within 6 months) Market study. c. A copy of the project's latest financial audit. d. An income and expense analysis that must include a provision for Replacement Reserve funding that is acceptable to the lender and equity partner, and is not less than the amount stipulated for the Low Income Housing Tax Credit Program. <p>See Tab W, Policy 18, for further instructions.</p>
	25	<p>A Description of the proposed credit enhancement and a statement as to the amount of tax-exempt bonds (and taxable bonds when appropriate) that is necessary. SUBMIT WITH PASS-THROUGH FINANCING ONLY</p>
	26	<p>An agreement to pay all costs of issuing the bonds and to compensate the professional team for the issue, including the underwriter, trustee, and bond counsel, at no cost to the Authority. SUBMIT WITH PASS-THROUGH FINANCING ONLY</p>
	27	<p>For acquisition/rehabilitation of existing properties, a third party "Comprehensive Needs Analysis" identifying and substantiating the scope of rehabilitation and estimated costs. SUBMIT WITH PASS-THROUGH FINANCING ONLY</p>

MISCELLANEOUS QUESTIONS

1. Annual amount of Tax Credit requested: _____
2. Is this application being submitted for additional credit? ☐ Yes ☐ No
If yes, how much credit has been reserved from the first application? _____
3. Has a Low Income Housing Tax Credit application been submitted for this project in a previous funding round?
☐ Yes. Date(s) of submission: _____
☐ No.
4. Is this a second or third phase of a project which received tax credit for an earlier phase? (For new construction, sponsors may only apply for one phase per year if the combined total number of units is more than 150.)
☐ Yes. Status of earlier phase(s) _____
☐ No.
5. Have any of the sponsors involved in this project received tax credit reservations in Michigan for the current year?
☐ Yes. List the project names and amounts of the tax credit reservations received below:

	\$ _____
	\$ _____
	\$ _____

☐ No.
6. Have any of the sponsors submitted other tax credit applications in Michigan for this funding round?
☐ Yes. List project names: _____
(Sponsors are limited to 20% of the annual credit available per calendar year.)
☐ No.

MICHIGAN SET-ASIDES (Check all applicable)

- | | | |
|--|---|-------------------------------------|
| <input type="checkbox"/> Nonprofit | <input type="checkbox"/> Elderly | <input type="checkbox"/> Tax-Exempt |
| <input type="checkbox"/> *1-12 Units, and/or increases in basis of up to 5% | <input type="checkbox"/> Distressed Area | |
| <input type="checkbox"/> *Preservation Holdback (See Tab W, LIHTC Policy Bulletin #18) | <input type="checkbox"/> Rural Projects of 49 units or less | |

*Not subject to funding rounds, and only available until August 15.

TYPE OF LOW INCOME HOUSING TAX CREDIT REQUESTED

(Check applicable category)

- ☐ New construction without federal subsidies
- ☐ New construction with federal subsidies
- ☐ Rehabilitation only without federal subsidies
- ☐ Rehabilitation only with federal subsidies
- ☐ Acquisition and rehabilitation without federal subsidies
- ☐ Acquisition and rehabilitation with federal subsidies

MINIMUM SET-ASIDE ELECTION (Check one only)

- ☐ At least 20% of the residential rental units in the project will be income restricted and rent restricted to serve individuals and families whose income is no greater than 50% of area median income, adjusted for family size (**20/50**). (If this set-aside is elected, **ALL** tax credit units in the project must be income and rent restricted at no greater than 50% of area median).
- ☐ At least 40% of the residential rental units in the project will be income restricted and rent restricted to serve individuals and families whose income is no greater than 60% of area median, adjusted for family size (**40/60**).

LONGEST LOW INCOME USE (Complete the following)

The owner will sign a covenant running with the land agreeing to serve qualified low income tenants in the percentage outlined above for _____ years in addition to the minimum required 15 years, for a total of _____ years.

If the project will remain low income in perpetuity, DO NOT indicate numerically, but DO indicate as "perpetuity".

FEDERAL SUBSIDIES

The owner is electing to:

- ☐ Include the federal funds in eligible basis and request 30% present value (4%) credit.
- ☐ Exclude the federal funds from eligible basis and request 70% present value (9%) credit.
- ☐ Federal funds - 40% of the units in each building will be rented to families whose incomes do not exceed 50% of the area gross median income to qualify for the 70% present value (9%) credit. (HOME and NAHASDA)
- ☐ Federal funds will be loaned at or above the AFR to qualify for the 70% present value (9%) credit.

ACQUISITION/REHABILITATION INFORMATION

For projects involving rehabilitation, the hard construction cost of the buildings must not be less than \$5,000 per unit, \$10,000 per unit if applying under the Preservation Holdback.

1. Has the project ever operated under a different name? ☐ Yes ☐ No
List previous name(s) of project: _____

2. Rehabilitation projects (Check only one)

- ☐ Project will create new low income units through rehabilitation of units that have not been available for at least 1 year.

NOTE: Acquisition Credit will only be allocated to projects which meet one of the two preservation categories described below:

- ☐ Project will preserve already existing low income units which are within 2 years of any permitted prepayment or equivalent loss of low income use restrictions **AND** will remain low income for the longer of the initial tax credit period or the length of the mortgage.

- ☐ Project will preserve already existing low income units which show a significant need for repair in order to achieve or maintain habitability.

3. Project is substantially functionally obsolete or will provide modifications or betterments consistent with new code requirements or the Authority's design requirements.

- ☐ Yes ☐ No

4. Existing subsidies involving acquisition/rehab (Check all applicable)

- | | |
|---|--|
| <input type="checkbox"/> 221(d)(3) Below Market Interest Rate | <input type="checkbox"/> RHS |
| <input type="checkbox"/> Section 236 | <input type="checkbox"/> 202 |
| <input type="checkbox"/> Section 8 (Project based) | <input type="checkbox"/> HUD Financed or Insured |
| <input type="checkbox"/> The Project Will Retain Federal Assistance | <input type="checkbox"/> Other |

5. Is the project in a compliance period for a previous tax credit allocation?
(Received credit within the last fifteen years) ☐ Yes ☐ No
If Yes, the project does not qualify for acquisition credit.

6. Number of buildings to be rehabilitated: _____

7. Total number of units to be rehabilitated: _____

8. How many units are currently occupied? _____

9. If the units are occupied, how many are occupied by tax credit eligible tenants? _____
How many are occupied by market-rate tenants? _____

10. If any units are unoccupied, how long have they been vacant? _____
11. Has rehabilitation work greater than 25% of the adjusted project basis been performed during the 10 years prior to its acquisition by the owner?
☐ Yes. Dates: _____, _____, _____
☐ No.
12. The total number of buildings to be acquired is: _____
13. Number of buildings currently under control is: _____
14. Will the buildings be acquired from a related party? ☐ Yes ☐ No
15. Actual or projected acquisition date: _____
16. Date project was last placed in service: _____
17. Date of last substantial improvements: _____
18. If less than 10 years since last placed in service, is the project eligible for a waiver from the Secretary of the U.S. Department of Treasury?
☐ Yes. Date request submitted: _____
Actual/projected date of approval: _____
Attach copy of approval of waiver as **Exhibit 22**
☐ No
19. Does the buyer's basis equal the seller's basis? ☐ Yes ☐ No
20. Are any of the buildings owner-occupied single family dwellings?
☐ Yes.
☐ No.
21. Were/are any of the buildings:
Purchased from a decedent's estate?
☐ Yes.
☐ No.
22. Purchased from a nonprofit or government; or Tax Exempt?
☐ Yes.
☐ No.
23. Acquired through gift/non-purchase?
☐ Yes.
☐ No.
24. Preserves Low Income Housing from market rate?
☐ Yes.
☐ No.
25. Qualified PIS/Sub-Rehab Date: _____

26. Approval for asset transfer required from HUD?

☐ Yes. Dates obtained: _____

☐ No.

27. Approval for asset transfer required from RHS?

☐ Yes. Dates obtained: _____

☐ No.

(Must have submitted the application for transfer of physical assets prior to submission of application for tax credit.)

28. Complete the following:

Address of Buildings	Placed in Service Date by the Previous Owner	Actual/Proposed Date of Acquisition by Applicant	Number of Years Between Placed in Service and Acquisition

SYNDICATION INFORMATION

1. Type of offering:

☐ Public Placement ☐ Private Placement ☐ Owner Keeping Credit

2. Name: _____
Street Address _____
City _____ State _____ Zip _____
Contact Person _____
Telephone # with Area Code _____ Fax # with Area Code _____
E-Mail Address: _____

3. Investors:

☐ Individuals ☐ Corporations ☐ Other

4. Amount of Federal Historic Tax Credit: \$ _____

5. Estimated proceeds to project from Federal Historic Rehabilitation Tax Credit:

6. Amount of State Historic Tax Credit: \$ _____

7. Estimated proceeds to project from State Historic Rehabilitation Tax Credit:

8. Estimated gross proceeds to project from Low Income Housing Tax Credit:

9. Estimated net proceeds to project from Low Income Housing Tax Credit:

10. If there is a difference between gross and net proceeds, indicated in questions eight and nine above, identify the page numbers in the partnership agreement where these amounts appear:

11. Amount of syndication expenses incurred by the sponsor (excluding bridge loan costs):

12. Schedule of equity pay-ins to project:

Year # or Estimated Date	Amount
	\$
	\$
	\$

13. Estimated Amount of annual tax credit the syndicator will receive: _____

14. Indicate the page number from the limited partnership agreement/syndication document that references this amount: _____

15. Indicate the equity contribution per dollar of annual tax credit: _____

16. Indicate the page number from the limited partnership agreement/syndication document that references this amount: _____

17. Type of Syndication Commitment:

☐ Limited Partnership Agreement

Partnership Name: _____

☐ Notarized Letter(s) from Individual Investor(s)

List investor name(s)

☐ Letter of Commitment from Syndicator

☐ Other, Describe: _____

18. Describe any special conditions, contingencies, etc. affecting the syndication.

DETERMINING QUALIFIED BASIS ON A BUILDING-BY-BUILDING BASIS

Complete the section below. Be sure to include number of units per building. Qualified basis must be determined on a building-by-building basis. List clubhouse(s) or community building(s) last, and DO NOT include in eligible or qualified basis. BUT DO distribute the eligible and qualified basis of these buildings evenly among all residential buildings. Also, the market rate units must be evenly distributed among bedroom types and buildings, except for elderly projects. Make extra copies of this form if necessary. *A/F stands for "Applicable Fraction".

[illegible]

SCORING SUMMARY

Round #:	Year:	Final Score:
Project Name:		
City/Twp:	County:	

COMPLETION & SUBMISSION OF THIS SCORING SUMMARY IS MANDATORY

A. HOUSING NEEDS CHARACTERISTICS:

(A maximum of 35 points has been established for Category A.)

Points will be awarded under housing needs characteristics for 1) census tract, 2) central cities, and 3) priority allocation for counties

1. *Needs score for census tract # _____
(Section II, Part C, #1, Page 2 of Primary Application)

0 - 20 Points _____

Needs Score Points Awarded

50	20
40-49	15
30-39	10
20-29	5
Less than 20	

-PLUS-

2. County Needs Score (Use actual points assigned.)
(See Tab N)

0 - 10 Points _____

3. Projects located in central cities (See Tab S).

5 Points _____

A. TOTAL _____

*The Needs Score can be obtained by using MSHDA's web site or, if you do not have Internet access, by calling the LIHTC office. The Census Tract Needs Score index may be found at www.michigan.gov/mshda. Under the box labeled "spotlight" is a link to the Combined Application for Rental Housing Programs. The link for the census tract needs score index is located with the Combined Application. **Note: The number listed for the census tract is the actual number of points to be given to the project, so no conversion is needed.**

If using multiple census tracts, the points will be added together, then divided by the number of tracts. For example: A project is using census tracts 6 and 12. Tract 6 receives a score of 50, and tract 12 receives a score of 40. This project would receive 15 points: $50 + 40 = 90$, divided by 2 = 45, which equals 15 points.

NOTE: Any changes to a project that require a re-scoring or re-evaluation will not be allowed from time of initial application to placed in service.

B. SPECIAL NEEDS:

4. Points will be awarded to projects according to the table below insofar as the owner agrees to serve persons with special needs who receive substantial support services as a result of a contract (or equivalent relationship) with a local service provider. When the number of special needs units in a project falls between the percentages outlined on the matrix, the percentage will be rounded **down** to those shown on the matrix. Points will then be awarded based on the corresponding rounded down percent. For example, a project has 43 total units with 7 special needs units. This project would receive 21 points, 7 divided by 43 = 16.28%, rounded down to 15% for 21 points.

TOTAL NUMBER OF UNITS IN PROJECT	POINTS TO BE AWARDED BASED ON PERCENT OF SPECIAL NEEDS UNITS				
	7 POINTS	14 POINTS	21 POINTS	28 POINTS	35 POINTS
1 - 150	5%	10%	15%	20%	25%

SPECIAL NEEDS PERCENTAGE CALCULATION

Number of Special Needs Units	
Divided by Total Project Units*	÷
Percentage of Special Needs Units	= _____ %

*Including market rate units, but exclusive of manager's units.

To receive points under this category, an applicant must submit documentation at application, including a plan outlining the services to be provided, a budget to support the plan, and such other items as are required in Addendum III. (Attach as Exhibit 19)

B. TOTAL _____

C. FAMILY PROJECTS:

5. Will the project reserve at least 10% of the two bedroom or larger units for households with children? ☐Yes ☐No
Total number of two bedroom or larger units
(exclusive of managers units): _____
Number of two bedroom or larger units reserved for households
with children: _____
_____ % of the reserved units in the project.
(These points will not be available to projects serving the elderly)
(Section VI, Part A, #1, Pages 10 and 11 of Primary Application)

5 Points

C. TOTAL _____

D. LOCALITY/NEIGHBORHOOD:

Tax Abatement: A project which submits evidence of local support in the form of tax abatement may receive from 1 to 5 points for an elderly project and from 1 to 10 points for a family handicapped/transitional and/or homeless project. These points will be available only to projects that have not previously had the benefits of tax abatement (i.e. no points will be awarded under this category to acquisition and/or rehabilitation projects for which tax abatement has previously been in place).
(Section VI, Part A, #1, page 14 of Primary Application; Exhibit 15)

Points for #6, #7 and #8 will be awarded under the highest applicable category, not under multiple categories.

	<u>Projects that are:</u>	Family Handicapped Transitional Homeless		
		<u>Elderly</u>	<u>Homeless</u>	
6. Letter of support from local municipality		1 Point	2 Points	_____
7. Letter from municipality stating steps that have been undertaken in PILOT approval process and date that the PILOT is expected to be approved (must be for at least 15 years and on approving body's agenda).		3 Points	4 Points	_____

To receive any points for tax abatement, any project specific tax abatement ordinance or area-wide tax abatement ordinance with a qualifying resolution submitted with an application must meet Authority requirements and must state the length of time the PILOT will be in effect. Projects located in the City of Detroit must submit the project specific tax abatement resolution or a copy of the Detroit tax abatement ordinance, **and** a letter from the City of Detroit stating that the project is eligible for tax abatement. **The tax abatement must meet the 15-year requirement for projects located in a Renaissance Zone.**

8. Project specific tax abatement ordinance in place for at least 15 years. **5 Points** **10 Points** _____
9. **Empowerment Zone/Enterprise Community:** Is the project located within the boundaries of an Empowerment Zone or Enterprise Community? (Section II, Part C, #4, Page 2 of Primary Application) (See Tab L) **20 Points** _____
10. **Renaissance Zone:** Is the project located within the boundaries of a Renaissance Zone? (Section II, Part C #5, Page 2 of Primary Application; Exhibit 18) (See Tab M) **20 Points** _____
11. **Fewer than 100 Tax Credit Eligible Units:** Is the project located in a county which currently has fewer than 100 tax credit eligible units that have been allocated? (See Tab G) County Name: _____ **10 Points** _____
12. **Core Communities:** Is the project located within the boundaries of a core community? Location of Core Community: _____ (See Tab Y) **5 Points** _____

D. TOTAL _____

E. PROJECT CHARACTERISTICS:

13. **Lease/Purchase:** Does the project consist of single family or townhouse units that will be sold to eligible tenants at the end of the compliance period? (Section II, Part B, #1, Page 1 of Primary Application) (Tab W, LIHTC Policy #16)

Projects that agree to transfer 100 percent of the housing tax credit units ownership at the end of the initial 15-year compliance period from the initial ownership entity of the project to tenant ownership will receive 3 points. These points will be available only for single family, townhouse or duplex units. The sales price cannot exceed the outstanding principal mortgage balance for the unit. To qualify for the points, the owner must provide a detailed proposal for eventual tenant ownership. The plan must incorporate a limited partnership ownership exit strategy and the provision of services including home ownership, education, training and down payment assistance, where necessary.

3 Points _____

Projects receiving these points are not eligible for extended low-income use points in #27 without Authority approved deed restrictions or land trusts.

Federal, State or Local Funding

Will this project use permanent financing or contributions from federal, state or local sources (exclusive of Fannie Mae and Freddie Mac) where the credit is needed to make a project feasible or to serve very low-income families (e.g., HOME, CDBG, etc.)? To obtain points for CIP financing, a commitment letter from the FHLB must be submitted. Evidence of the permanent financing, dated within 30 days of the application submission, including the amount of financing, the terms, and the interest rate, must be submitted with the application and will be compared to other applications utilizing similar financing types. **Loan guarantees do not qualify for points.** (Section VI, Part A, Page 14 of Primary Application; Exhibit 9d)

AMOUNT OF TOTAL DEVELOPMENT COST:		
TYPE OF FINANCING	AMOUNT OF FINANCING	% OF TDC
1.	\$	
2.	\$	
3.	\$	
4.	\$	

Choose only one, 14 or 15.

- | | | |
|---|--------------------------|---|
| | <u>CIP</u> | <u>MSHDA,
HOME, RHS,
AHP, HUD,
CDBG</u> |
| 14. Projects utilizing federal, state or local permanent financing for 10 - 40% of the project costs. | 2 Points
_____ | 5 Points
_____ |
| 15. Projects utilizing federal, state, or local permanent financing for more than 40% of the project costs. | 5 Points
_____ | 10 Points
_____ |

Total Points (Maximum 15) _____

16. Projects serving the elderly, that qualify for the elderly set-aside, will receive 5 points for providing community space for use by tenants. To receive points, the community room must, at a minimum, be sized at 15 square feet per residential unit. It may be used for activities such as dining, crafts, exercise, medical clinic, socializing, or any other activity or use that may benefit elderly tenants.

5 Points _____

CALCULATION FOR MINIMUM SQUARE FOOTAGE

Total Project Units*	
Total Project Units x 15 = Minimum Square Footage	
Community Space Square Feet**	

* Including market rate units, but exclusive of manager's units.

** Must be equal to or greater than Minimum Square Footage to receive points. **This space is envisioned to be one room or contiguous space and does not include common space such as halls, offices or lobbies.**

E. TOTAL _____

F. SPONSOR CHARACTERISTICS:

17. **Community Revitalization:** Sponsors proposing projects that will utilize existing housing that is located in an area for which a community revitalization plan is in place and that can demonstrate that the housing contributes to such plan. (Exhibit 20)

5 Points _____

18. Previous successful participation by a general partner or member of a limited liability company in the proposed development and that has a general partner interest in a development utilizing the Low Income Housing Tax Credit Program or other programs producing low income housing. **(Completion of form on page 25 of the primary application is mandatory to receive points in this category.)** (Section III, Part B, #4, Page 5 of Primary Application; Exhibit 11a)

Points for A - F will be awarded under the highest applicable category, not under multiple categories:

- a. Projects of 6 units or less placed in service for 3 years in states other than Michigan.
- b. Project of 6 units or less placed in service for 3 years in Michigan.
- c. Projects over 6 units placed in service for 1 - 3 years in states other than Michigan.
- d. Projects over 6 units placed in service for 1 - 3 years in Michigan
- e. Projects over 6 units placed in service for 3 years in states other than Michigan.
- f. Projects over 6 units placed in service for 3 years in Michigan

1 Point _____

2 Points _____

3 Points _____

5 Points _____

7 Points _____

10 Points _____

MANAGEMENT CHARACTERISTICS

19. Previous successful participation by management agent in managing Low Income Housing Tax Credit projects, with at least 3 years of experience beginning from the rent up date. **(Completion of form on page 26 of the Primary application is mandatory to receive points in this category.)** (Section III, Part D, #1, Page 7 of Primary Application; Exhibit 11b)

The following points will be awarded under the highest applicable category, not under multiple categories:

- a. Management of projects of 6 units or less for at least 3 years.
- b. Management of projects over 6 units for at least 3 years in states other than Michigan.
- c. Management of projects over 6 units for at least 3 years in Michigan.

1 Point _____

3 Points _____

5 Points _____

20. Poor previous participation on the part of the sponsor. This includes, but is not limited to, failure to utilize a Commitment or Allocation of credit, failure to meet requirements necessary to obtain a Carryover Allocation after notification has been provided to the Authority that the requirements would be met, inability to complete a previous project within three years of first submission, foreclosure or granting of a deed in lieu of foreclosure, failure to submit Owner's Certification and monitoring information, repeated failure to submit required documentation in a timely manner, or serious and repeated violation of program requirements as determined by the Authority.

This will be in effect for a three year time period.

- 20 Points _____

21. Poor previous participation on the part of the management agent. This may include, but is not limited to, failure to provide correct information on monitoring reports, failure to verify and/or calculate tenant income and rents in accordance with federal regulations, or serious and repeated violation of program requirements as determined by the Authority.

This will be in effect for a two year time period.

- 10 Points _____

F. TOTAL _____

G. PARTICIPATION OF NONPROFIT ORGANIZATIONS:

(A maximum of 5 total points has been established for category G)

22. Projects involving nonprofit ownership will receive 5 points if all of the following criteria are met:

See Exhibit Checklist #13 for specific submission

(Section III, Part C, Pages 6 and 7 of Primary Application)

5 Points _____

- a. The nonprofit must be a 501(c)(3) or 501(c)(4) entity.
- b. The nonprofit must be a local, community based organization with representation on its governing board from the local community in which the project is to be located, or representatives of the population which it serves.
- c. The nonprofit must be organized in the State of Michigan, and must be in good standing.
- d. The nonprofit must not be affiliated with or controlled by any for-profit organization.
- e. No individuals or entities involved with or related to any potential for-profit participant in the development may be involved with or related to the creation or management of the nonprofit.
- f. The nonprofit must have been engaged in the business of fostering low-income housing in its geographic area of operation, or fostering housing for the population which it serves, for a minimum of one year.
- g. The nonprofit must have more than a 50% general partner interest in the proposed project, have a concomitant interest in the developer fee, and must be the managing general partner of the project.
- h. The nonprofit must be actively involved with the local community in which the project is located.

G. TOTAL _____

NONPROFIT POINT QUALIFIERS

Nonprofit Name: _____

	<u>INCLUDED</u>
a) Documentation of federal 501(c)(3) or (4) status.	<input type="checkbox"/> Yes <input type="checkbox"/> No
b) Certified Articles of Incorporation.	<input type="checkbox"/> Yes <input type="checkbox"/> No
c) Copy of the by-laws.	<input type="checkbox"/> Yes <input type="checkbox"/> No
d) List of the board of directors, if applicable. Must include address of each board member	<input type="checkbox"/> Yes <input type="checkbox"/> No
e) An executed agreement between the sponsor and the non-profit if the project is a joint venture.	<input type="checkbox"/> Yes <input type="checkbox"/> No
f) Description of the non-profit's previous experience in housing. (Must be at least one year to receive points)	<input type="checkbox"/> Yes <input type="checkbox"/> No
g) Current Certificate of Good Standing.	<input type="checkbox"/> Yes <input type="checkbox"/> No
h) Map outlining service area of non-profit.	<input type="checkbox"/> Yes <input type="checkbox"/> No
i) Narrative describing the non-profit's involvement in the local community.	<input type="checkbox"/> Yes <input type="checkbox"/> No
j) Proof of CHDO approval (if applicable).	<input type="checkbox"/> Yes <input type="checkbox"/> No

Percent of Nonprofit ownership: _____%

H. BONUS POINTS:

23. Readiness to Proceed Points

☐ **This box must be checked to receive readiness to proceed points.**

SEE TAB B, THE QUALIFIED ALLOCATION PLAN, FOR READINESS TO PROCEED CRITERIA AND REQUIRED DOCUMENTATION THAT MUST BE SUBMITTED.

Readiness to proceed points for projects creating additional low income units may be awarded for submission of ALL of the following at the time of application.

Included N/A

Requirement for Bonus Points

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Firm commitment for construction financing, dated within 30 days of application submission, which is accepted by the sponsor. (Section VI, Part B, # 2, Page 16 of Primary Application; Attach as Exhibit 9a) Required |
| <input type="checkbox"/> | <input type="checkbox"/> | Firm commitment for permanent financing, dated within 30 days of application submission, which is accepted by the sponsor. For RHS projects, the 1944-51 (Multifamily Housing Obligation Fund Analysis) or a letter signed by an official of RHS which commits funds to the project.
(Section VI, Part B, #3, page 16 of Primary Application; Attach as Exhibit 9b) Required |
| <input type="checkbox"/> | <input type="checkbox"/> | Firm commitment of all federal, state, and local financing or contributions, dated with 30 days of application submission. For CIP financing, a commitment letter from the FHLB. For Authority financed projects, a copy of the Mortgage Loan Feasibility Resolution. (Section VI, Part A, #2, Page 14 of Primary Application; Attach as Exhibit 9d)
If Applicable |
| <input type="checkbox"/> | <input type="checkbox"/> | Approved zoning. (Attach as Exhibit 3) Required |
| | | or |
| <input type="checkbox"/> | <input type="checkbox"/> | For rehabilitation projects, a letter from the municipality must be submitted stating that the zoning is compatible with the proposed use of the building.
(Attach as Exhibit 3) Required if Rehab |
| <input type="checkbox"/> | <input type="checkbox"/> | Final Site plan approval. (Attach as Exhibit 16) Required |
| | | or |
| <input type="checkbox"/> | <input type="checkbox"/> | For rehabilitation projects, a letter from the municipality indicating that the relevant board or commission has reviewed the proposal including the level of rehabilitation work to be completed, the site, and that no further plan approvals are necessary. (Attach as Exhibit 16) Required if Rehab |
| <input type="checkbox"/> | <input type="checkbox"/> | Project specific tax abatement ordinance or an area-wide tax abatement ordinance with a qualifying resolution which meet Authority requirements. (For projects located in the City of Detroit, the project specific tax abatement resolution, or the Detroit tax abatement ordinance AND a letter from the City of Detroit stating that the project is eligible for tax abatement.) (Section VI, Part A, #1, Page 14 of Primary Application; Attach as Exhibit 15) If Applicable |

- ☐ ☐ Ownership Entity Formation - Certified copy (dated within 30 days of application submission) of the certificate of limited partnership and any amendments on file with the Corporation and Land Development Bureau.
(Attach as Exhibit 14) **Required**

25 Points _____

24. Has this project obtained a firm commitment for **construction financing**, dated within 30 days of application submission, which has been accepted by the sponsor? (For Authority financing, a copy of the Mortgage Loan Feasibility Resolution.)

(Attach as Exhibit 9a)

Projects receiving readiness to proceed points will not be awarded points under this category.

5 Points _____

25. Does this project have evidence from the municipality the proposed site is properly **zoned** for the intended use? These points will be available for rehabilitation projects only if a letter from the municipality is submitted with the application stating that the zoning is compatible with the proposed use of the building(s).

(Attach as Exhibit 3)

Projects receiving readiness to proceed points will not be awarded points under this category.

5 Points _____

26. Does this project have evidence from the municipality that the proposed site has received **final site plan** approval? These points will be available for rehabilitation projects only upon submission at application of a letter from the municipality indicating that the relevant board or commission has reviewed the proposal, including the level of rehabilitation work to be completed, the site, and that no further plan approvals are necessary. (Attach as Exhibit 16)

Projects receiving readiness to proceed points will not be awarded points under this category.

5 Points _____

H. TOTAL _____

I. PREFERENCE POINTS:

27. **Extended low income use of housing:** 1 point per year for years 16 through 45, maximum of 30 points, or 35 points for perpetuity. (For projects applying under the Preservation Holdback, must be a minimum of 30 years.) (Page I-8 of the LIHTC Addendum)

0-35 Points _____

28. **Market Rate Units:** Does this project promote economic integration by serving market rate tenants in at least 20% of the total units? The market rate units must be evenly distributed among bedroom types and buildings. (Manager's units should not be included in this calculation.) (Section II, Part D, Page 3 of Primary Application)

Total Number of Units: _____

Number of Market Rate Units: _____

Percentage of Market Rate Units: _____

5 Points _____

29. **Community Revitalization Plan:** Projects located in a qualified census tract for which a community revitalization plan is in place and that can demonstrate that the housing contributes to the revitalization plan. (Attach as Exhibit 20) QCT: _____

5 Points _____

30. **Service to greatest number of low income tenants:** Preference points for projects will be awarded to projects according to the table below insofar as the owner also agrees to restrict rents for those tenants to 30% of the applicable imputed household income for the applicable bedroom size. **Both income and rents for scoring purposes will be based on statewide median income. No points will be awarded for units serving tenants at income and rent levels higher than 50% of statewide median (in no event can credit be awarded to units where income and rent levels exceed 60% of area median).** The lower rent targeting must be evenly distributed among bedroom types. A project may receive up to 50 points for this category. Also, the market rate units must be evenly distributed among bedroom types and buildings, except for elderly projects.

PERCENT OF STATEWIDE MEDIAN INCOME

PERCENT OF
LOW INCOME
TENANTS TO
TOTAL UNITS

	50	45	40	35	30	25	20
50	25	27.5	30	32.5	35	37.5	40
45	22.5	25	27.5	30	32.5	35	37.5
40	20	22.5	25	27.5	30	32.5	35
35	17.5	20	22.5	25	27.5	30	32.5
30	15	17.5	20	22.5	25	27.5	30
25	12.5	15	17.5	20	22.5	25	27.5
20	10	12.5	15	17.5	20	22.5	25
15	7.5	10	12.5	15	17.5	20	22.5
10	5	7.5	10	12.5	15	17.5	20
5	2.5	5	7.5	10	12.5	15	17.5

Points will **NOT** be adjusted upward for income and rent restrictions that fall between the percentages outlined on the table.

Each point increment will be used only once in the calculation of total points in this category.

0 - 50 Points _____

I. TOTAL _____

How To Calculate Preference Points Using The Statewide Median Income (SMI)

STATEWIDE MEDIAN INCOME GROSS RENT LIMITS

**THIS IS AN EXAMPLE ONLY, IT DOES NOT CONTAIN CURRENT LIMITS
PLEASE SEE TAB E FOR CURRENT LIMITS**

SMI	0 BR	1 BR	2 BR	3 BR	4 BR	5 BR
50%	\$504	\$540	\$648	\$748	\$835	\$921
45%	\$453	\$486	\$583	\$673	\$751	\$829
40%	\$403	\$432	\$518	\$599	\$668	\$737
35%	\$352	\$378	\$453	\$524	\$584	\$645
30%	\$302	\$324	\$388	\$449	\$501	\$552
25%	\$252	\$270	\$324	\$374	\$417	\$460
20%	\$201	\$216	\$259	\$299	\$334	\$368

Follow the instructions below to complete the Conversion Worksheet on page I-28:

1. In columns *A*, *B*, and *C* of the Conversion Worksheet, copy the number of bedrooms, number of units, and AMGI from page 10 of the Primary Application.
2. In column *D* of the Conversion Worksheet enter the rent limit(s) from Tab E of the Primary Application for Rental Housing Packet. Note: Use maximum gross rents by bedroom size shown on the right hand side of the page for the applicable county.
3. Compare the gross rent limit for each unit size in column *D* with the gross rents for the same bedroom size listed in the chart above. Enter the applicable SMI % in column *E*. If for example, on page 10 of the Primary Application you have identified a 1 BR unit with a gross rent of \$225 -- which is 30% of the AMGI, compare the \$225 for the 1 BR unit to the chart above. Note: Since the 1 BR rent can go up to \$270 and remain at 25% of the SMI, a rent of \$225 falls within the 25% range of SMI. Consequently, you would enter 25% in column *E*.
4. In column *F* enter the SMI percentages from column *E* equaling *50% SMI or lower*.
5. In column *G* enter the total number of units that fall within a given SMI % regardless of their bedroom sizes. For example, if columns *B* and *E* indicate two 1BRs at 50% AMGI and two 2BRs at 50% AMGI, add the one and two bedrooms. Consequently, column *G* would reflect 4 units at 50%.
6. To calculate column *H*, divide the total number of units (exclusive of managers units) by each line item in column *G*. For example, if the project has a total of 8 units and column *G* shows 4 units, divide column *G*, 4 units at 50%, by 8, the total number of units. Column *H*, therefore, represents the percent of low income tenants to total units, or in this example column *H* is 50%.
7. To determine the points received in Column *I*, compare columns *F* and *H* to the matrix on page I-25 of the Tax Credit Addendum.

CONVERSION WORKSHEET

EXAMPLE

(Using Huron County Rent Limits effective 04/06/01 Total Number of Units: 55)

COPY FROM PAGE 10 OF THE PRIMARY APPLICATION			FROM TAB E	USE CHART IN TAB E	SMI % (List SMI %(s) shown in E; <i>exclude over</i> 50%) -F-	Total # of Units in each SMI % -G-	SMI's Unit % (G ÷ Total # of Units) -H-	USE CHART ON PAGE I-25
# of Bedrooms -A-	# of Units -B-	AMGI % -C-	Gross Rent Limit for AMGI % -D-	SMI % -E-				# of Low Income Tenant Points -I-
1	12	50%	\$400	40%	40%	28	50%	30
2	12	50%	\$480	40%	45%	27	49%	25
3	3	50%	\$555	40%				
4	1	50%	\$618	40%				
1	12	60%	\$480	45%				
2	12	60%	\$576	45%				
3	2	60%	\$666	45%				
4	1	60%	\$742	45%				
TOTAL POINTS:								55
TOTAL POINTS AWARDED:								50

CONVERSION WORKSHEET**(Used to calculate preference points for serving greatest number of low income tenants.)****COUNTY:** _____**TOTAL NUMBER OF UNITS:** _____
(Exclusive of Managers Units)

COPY FROM PAGE 10 OF THE PRIMARY APPLICATION			FROM TAB E	USE CHART IN TAB E	SMI % (List SMI %(s) shown in E; <i>exclude over 50%</i>) -F-	Total # of Units in each SMI % -G-	SMI's Unit % (G ÷ Total # of Units) -H-	USE CHART ON PAGE I-25
# of Bedrooms -A-	# of Units -B-	AMGI % -C-	Gross Rent Limit for AMGI % -D-	SMI % -E-				# of Low Income Tenant Points -I-
TOTAL POINTS:								
TOTAL POINTS AWARDED:								

J. AFFIRMATIVE FAIR HOUSING MARKETING PLAN (AFHMP) REQUIREMENTS:

31. UP TO 5 BONUS POINTS WILL BE AWARDED FOR SUBMISSION OF A PROPERLY COMPLETED AFFIRMATIVE FAIR HOUSING MARKETING PLAN. (Follow Instructions under Tab P and attach as Exhibit 12)

- I. Identification of the target population within the market area.
 - A. What are the market boundaries of the development?
 - B. What percentage of the market population is minority?
 - C. Identify target population (population least likely to apply for residence). **1 Point** _____

- II. Identification of concrete and credible outreach efforts.
 - A. What target population and handicapped community groups or organizations will be contacted?
 - B. Addresses and telephone numbers of the outreach groups.
 - C. What method will be used to contact the outreach groups? **1 Point** _____

- III. Methods.
 - A. Who shall be responsible for completing the outreach program?
 - B. What media will be used?
 - C. How will printed material be distributed? **1 Point** _____

- IV. Budget.
 - A. Provide a breakdown of the overall marketing budget and the part of the budget that will be used to implement the Plan.
 - B. How much money is budgeted for commercial media usage? **1 Point** _____

- V. Previous experience.
 - A. Has your firm marketed a subsidized housing development (including MSHDA) previously?
 - B. What is the prior experience of your firm in writing and achieving affirmative marketing goals?
 - C. Provide the same information on handicapped marketing goals and achievement. **1 Point** _____

Additionally, **to receive any of the above bonus points**, the AFHMP must also contain an agreement to comply with the following requirements:

- A. That a continuous outreach program will be conducted to maintain a well-balanced waiting list that will assure the meeting of the affirmative marketing goal at all times.
- B. That a housing discrimination disclaimer clause shall be included in any preliminary and/or full application blank. (Pledge not to discriminate against applicants based on their race, sex, age, religion, national origin, familial status, or handicap.)
- C. That the handicap logo (see bottom of first page of the Application) will be in all advertisements, if the development has barrier free or accessible units.
- D. That the MSHDA approved equal opportunity housing slogan or logo (see bottom of first page of Application) will be included in all advertising.
- E. That a log of community contacts, daily traffic records, and any other record keeping materials be maintained for inspection, and a copy of the AFHMP will be kept on site.
- F. That all fair housing required signs will be posted in designated locations.
- G. That the management agent (provide name and firm) has agreed to start the Affirmative Fair Housing Marketing efforts with respect to the "target population" at least 120 days prior to anticipated initial occupancy.
- H. That any prospective residential preferences will be identified and made known.

J. TOTAL _____

A - J GRAND TOTAL _____

**CERTIFICATION TO INCLUDE SECTION 8 EXISTING RENTAL
ALLOWANCE PROGRAM CERTIFICATE AND VOUCHER HOLDERS**

The undersigned agrees to include Section 8 Existing Rental Allowance Program certificate and voucher holders on the project's waiting list and to give them consideration. If there is a public housing agency within eight miles of the project which administers the Section 8 Existing Rental Allowance Program, the undersigned must contact the Section 8 office in writing on a yearly basis to advise them that consideration will be given to eligible Section 8 participants throughout the compliance period.

If there is no public housing agency within eight miles of the project the undersigned will contact the Section 8 Existing Rental Allowance Program affiliated with the Michigan State Housing Development Authority (MSHDA). Contact will be made in writing on a yearly basis throughout the compliance period notifying the MSHDA representative in the county in which the project is located that consideration will be given to eligible Section 8 certificate or voucher holders.

Dated: _____

Name of Project: _____

Owner: _____

By: _____

Its: _____

AGENCY POLICY ON CIVIL RIGHTS COMPLIANCE:

The owner/developer/borrower and any of its employees, agents or sub-contractors in doing business with the Michigan State Housing Development Authority (the "Authority") understands and agrees that it is the total responsibility of the owner to adhere to and comply with all Federal Civil Rights legislation along with any required related codes and laws. Should the Authority not specify any specific requirements, such as design, it is none the less the owners responsibility to be aware of and comply with all non-discrimination provisions relating to race, color, religion, sex, handicap, familial status, national origin and any other classes protected in the State of Michigan. This includes design requirements for construction or rehabilitation, Equal Opportunity in regard to marketing and tenant selection and reasonable accommodation and modification for those tenants covered under such laws.

Dated: _____

Name of Project: _____

Owner: _____

By: _____

Its: _____

**INTERNAL REVENUE SERVICE
TECHNICAL ADVICE MEMORANDA
CERTIFICATION**

We acknowledge that we are familiar with recently issued Internal Revenue Service Private Letter Rulings 200043015, 200043016, 200043017, 200044004, and 200044005, and that we have discussed the substance of these rulings with our Certified Public Accountant. We also acknowledge that these Private Letter Rulings may have an impact on the project's eligible basis, and the amount of credit that may be allocated to the project.

Dated: _____

Name of Project: _____

Owner: _____

By: _____

Its: _____

CERTIFICATION TO APPLICATION - MANDATORY

The undersigned is responsible for ensuring that the project consists or will consist of a qualified low income building or buildings as defined in Section 42 of the Internal Revenue Code of 1986, as amended, and will satisfy all applicable requirements of federal tax law in the acquisition, rehabilitation, or construction and operation of the project to receive the low income housing tax credit.

The undersigned is responsible for all calculations and figures relating to the determination of the eligible basis and qualified basis for any building or buildings and understands and agrees that the amount of credit reserved, committed, or allocated hereunder has been calculated pursuant to the representations made herein, and further, that all representations contained herein, whether with respect to costs or any other item, are considered material to the application.

The undersigned, on behalf of the ownership entity that will be the owner of the project agrees that, prior to the issuance of IRS forms 8609, the Owner will sign IRS form 8821, Tax Information Authorization, authorizing the Internal Revenue Service to provide the Michigan State Housing Development Authority with information pertaining to this project.

The undersigned agrees that the Michigan State Housing Development Authority will at all times be held harmless against any losses, costs, damages, expenses, or liabilities whatsoever, of any kind, including but not limited to attorney fees, litigation costs, amounts paid in settlement, or any loss of whatsoever nature directly or indirectly resulting from, arising out of, or related to consideration, approval, disapproval, or acceptance of this request for tax credit.

The Michigan State Housing Development Authority offers no advice, opinion, or guarantee that the applicant or the proposed project will ultimately qualify for or receive low income housing tax credit.

Any Reservation or Commitment received as a result of filing this application shall not bind the Michigan State Housing Development Authority to issue a low income housing tax credit allocation.

An application fee in the amount of \$_____ is enclosed. This fee represents the sum of:

- ☐ \$35 for each proposed low income unit, with a maximum of \$1,500, if this is the **first, second or third** application you are submitting for this funding round.
- ☐ \$50 for each proposed low income unit, with a maximum of \$2,000, if this is the **fourth or higher** application you are submitting for this funding round.

Dated: _____ Name of Project: _____

Owner: _____

By: _____

Its: _____

Name of Project _____
Owner ☐ Management Company ☐

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT PROGRAM**

AUTHORIZATION FOR RELEASE OF INFORMATION

Date: _____

Please duplicate this form and submit one for each state, EXCEPT MICHIGAN, in which any sponsor listed in this tax credit application has an ownership interest in a tax credit assisted project, and one for the management company that is listed in this tax credit application that has management experience of a tax credit assisted development. Forms should also be filled out for project owners or management companies who have done business under a different name or names.

Low Income Housing Tax Credit Administrator

(State) _____ Housing Credit Agency

(Street Address)

(City, State, Zip)

We hereby request and authorize you to release to the Michigan State Housing Development Authority (MSHDA) any information that you have regarding _____
(Please check only one box. ☐ owner and/or ☐ management company) as it relates to project compliance, the curing of or failure to cure any project noncompliance, and any formal or informal action taken by your agency with respect to _____'s (owner and/or management company) participation in your Low Income Housing Tax Credit Program. Other data that would be relevant to MSHDA in its assessment of their development experience and compliance record would be appreciated. If you have any questions, please contact Ted S. Rozeboom, Director of Legal Affairs, at (517) 373-6007. Thank you in advance for your cooperation.

Company: _____

By: _____
(Signature)

Name: _____
(Typed)

It's: _____
(Title)

Identify below the name(s) of the project(s) you have an ownership interest in and/or manage in the above-identified state:

- | | |
|----------|----------|
| 1. _____ | 5. _____ |
| 2. _____ | 6. _____ |
| 3. _____ | 7. _____ |
| 4. _____ | 8. _____ |

SPONSOR CERTIFICATION - MANDATORY

This certification must be signed by each sponsor of the project. If there is more than one sponsor, this page must be duplicated.

The undersigned hereby certifies that neither I, nor any company with whom I am affiliated, is currently banned or involved in litigation with any other state credit allocating agency as of this date.

Company: _____ By: _____
(Signature)

Date: _____ Name: _____
(Typed)

It's: _____
(Title)

A SPONSOR THAT IS BANNED FROM PARTICIPATION IN THE TAX CREDIT PROGRAM IN ANOTHER STATE WILL BE BANNED FROM SUBMITTING AN APPLICATION FOR THE SAME PERIOD OF TIME. INVOLVEMENT IN LITIGATION WILL NOT AUTOMATICALLY RESULT IN A RETURNED APPLICATION, BUT THE AUTHORITY WILL REVIEW THE FACTS AND CIRCUMSTANCES SURROUNDING THE LITIGATION.

The undersigned hereby certifies that I, or a company with whom I am affiliated, is involved in litigation with another allocating agency at the time of submission of this application. The details of the litigation are outlined below.

Company: _____ By: _____
(Signature)

Date: _____ Name: _____
(Typed)

It's: _____
(Title)

TAX CREDIT WORKSHEET
RESERVATION / CARRYOVER / 5% INCREASE / PLACED IN SERVICE

Name of Proj. _____ Proj. # _____ Date _____

GENERAL REQUIREMENTS LIMIT		BUILDER OVERHEAD LIMIT			
On Site Improvements		Construction Contract			
+ Off Site Improvements		+ Gen. Req.			
+ Landscaping		= Adj. Const. Contract			
+ Structures		x 2% = Bldr. Overhead Limit			
Construction Contract ¹		1 Include permanent appliances & environmental abatement in building			
x 6% = Gen. Req. Limit 2					
BUILDER PROFIT LIMIT		DEVELOPER FEE LIMIT			
Construction Contract		TDC			
+ Gen. Req. + Bldr. Overhead		+/- Adjustments/Reason			
= Adj. Const. Contract		+/- Adjustments/Reason			
x 6% = Bldr. Profit Limit 2		= Adjusted TDC			
2 Projects of 50 units or less, may aggregate General Requirements, Builder Overhead, and Builder Profit to a maximum of 20% of the construction contract. 3 For Preservation Holdback projects, a developer fee of 15% will be allowed on the rehabilitation and 10% on the acquisition. For projects of 50 units or less, a developer fee of 15% will be allowed for both acquisition and rehab. For TE projects of 49 units or less, the Dev Fee limit is 20%.		- Dev. Fee + Overhead + Con. Fee			
		= Readjusted TDC			
		x 15%/20% = Dev. Fee Limit 3			
	FROM APP	DIFFERENCE	FEE LIMITS	6/2/6%	20% Aggregate Percentages
General Requirements				_____ % of Const. Contract	_____ % of Const. Contract
Builder Overhead				_____ % of Adj. Const. Contract	_____ % of Adj. Const. Contract
Builder Profit				_____ % of Adj. Const. Contract	_____ % of Adj. Const. Contract
Dev. Fee + Overhead + Consultant Fee				_____ % of TDC minus itself	Total %
TOTAL DEVELOPMENT COST CALCULATION			FUNDING GAP CALCULATION		
Adjusted Total Development Cost			Total Uses (Final Adjusted TDC)		
- Excess Developer Fee			- Syndication Costs		
FINAL ADJUSTED TDC			- Total Sources in documentation		
			FUNDING GAP		

TDC = Total Development Cost

TEB = Total Eligible Basis

4% CREDIT		9 % CREDIT		HISTORIC CREDIT	
Total Eligible Basis From Application		Total Eligible Basis From Application		Funding Gap	
-/+ Adj/Reason:		-/+ Adj/Reason:		- Historic Equity	
-/+ Adj/Reason:		-/+ Adj/Reason:		New Funding Gap	
Adjusted Eligible Basis		Adj. Elig. Basis Subtotal		4 Fed Hist Cr must be deducted from Basis.	
- Excess Unit Cost		- Excess Unit Cost		10 YR CR VALUE <u>LESS</u> THAN GAP	
Adjusted Eligible Basis		Adjusted Eligible Basis		Funding Gap	
X Low Income %		X Low Income %		- Ten Yr. Cr. Value	
X QCT (100% or 130%)		X QCT (100%/130%)		Adjusted Funding Gap	
TOTAL QUA BASIS		TOTAL QUAL BASIS		- 70% of the Dev Fee	
X Credit % (4%)		X Credit % (9%)		Remaining Funding Gap 5	
ANNUAL 4% CREDIT		ANNUAL 9% CREDIT		5 NOTE: Project is NOT feasible with a remaining Funding Gap	
		+ Annual 4% Credit		10 YR CR VALUE <u>MORE</u> THAN GAP	
TOTAL DEVELOPMENT COST/ UNIT		TOTAL ELIG CREDIT		Funding Gap	
Final Adjusted TDC		X Equity % Value X 10		Equity Value, 10	
Total Units		Ten Yr \$ Value of Credit		= Eligible Credit	
Cost Per Unit 7		FUNDING GAP		x Equity Value X 10	
7 If over 90,000, fill out HUD 221(d)(3) Limit Calculation Sheet				= 10 Yr. Credit Value	
REHAB COST PER UNIT			TAX EXEMPT FINANCING		
Hard Const Cost		Tax Exempt Loan Amt.			
Total Units		aggregate basis 8			
Rehab Cost/Unit 6		= Must be a min. of 50%			
6 Must be at least \$5,000 per unit/\$10,000 for Preservation Holdback		8 Eligible basis plus land			
RESERVATION			CARRYOVER		
Reservation		Carryover No.1			
+ 5 percent		+ Carryover No.# 2			
		TOTAL			
ANNUAL ELIGIBLE CR:	\$	CREDIT REQUESTED:		\$	

HUD 221(d)(3) LIMIT CALCULATION
(To be completed if the Cost Per Unit is higher than \$90,000*)

*A higher limit of \$90,000 applies for projects qualifying for the following: 1.) small size projects (approximately 30 units or less, 2.) Projects located in Qualified Census Tracts, 3.) Projects located in Empowerment Zones or Enterprise Communities, 4.) Projects with deep rent targeting (50% AMGI or lower), 5.) difficult substantial rehab projects, and 6) projects solely sponsored by a local nonprofit. Developments processed under the CSH initiative may include costs above 110% of the HUD 221(d)(3) limits and/or over \$90,000 per unit in eligible basis. Does this project qualify for the \$90,000 higher limit? ☐ Yes ☐ No

Project Name _____

County _____ **Elevator** ☐ **Non-elevator** ☐

Total Units Including Employee Occupied and Market Rate _____

# of Bed-rooms	# of Units From Pg. 10		HUD Limits From Tab I		HUD Limit Totals
0		x		=	
1		x		=	
2		x		=	
3		x		=	
4+		x		=	
Totals					

If there is no acquisition credit Compare HUD Limit Total with the Adjusted Eligible Basis:
 HUD Limit Total \$ _____ Adjusted Eligible Basis Subtotal \$ _____
 If the HUD Limit is lower, the HUD limit becomes the Adjusted Eligible Basis.

If this is an acquisition/rehab project, complete the following calculation.

Adjusted Eligible Basis for Acquisition

Plus Adjusted Eligible Basis for Rehab

Total Adjusted Eligible Basis

Compare HUD Limit Total with Total Adjusted Eligible Basis:

HUD Limit Total \$ _____ Total Adjusted Eligible Basis \$ _____

If the Total Adjusted Eligible Basis (AEB) is lower, the AEB does not need to be adjusted. Continue completing the worksheet. If the HUD Limit is lower complete the following calculation.

FINAL ADJUSTED ELIGIBLE BASIS

HUD 221(d)(3) Limit Total

Less Adjusted Eligible Basis for Acquisition

Adjusted Eligible Basis for Rehab

Place the Adjusted Eligible Basis in the appropriate box in the 9% (the 4% amount will remain the same) column of the Worksheet and continue completing.

20% AGGREGATE FEE LIMIT CALCULATION
(Applies to projects of 50 units or less)

NAME OF PROJECT _____

CONSTRUCTION CONTRACT		BUILDER OVERHEAD	
On-Site Costs	1	BO Amt. From App.	18
+ Off-Site Costs	2	÷ Total Const. Contract (# 14) + General Requirements (#15) _____ + _____ =	19
+ Landscaping	3	= % of BO	20
+ Appliances (if applicable)	4	BUILDER PROFIT	
+ Structures	5	BP Amt. From App.	21
+ Environ. Remediation	6	÷ Total Const. Contract (# 14) + GR (#15) + BO (# 18) _____ + _____ + _____ =	22
+ Environ. Abatement	7	= % of BP	23
+ Change Orders	8	TOTAL PERCENTAGES	
+ Exterior Demolition	9	% of GR (# 17)	24
+ Asbestos Removal	10	+ % of BO (#20)	25
+ Pool	11	+ % of BP (# 23)	26
+ Performance Bond	12	(Add 24 + 25 + 26) TOTAL PERCENTAGES	27
+ Security System and/or + Security during construction*	13	STOP If Total Percentage is under 20%; go to next line if it exceeds 20%.	
Add 1 - 13	14	Aggregate Fee Limit	.2000
GENERAL REQUIREMENTS		- % of GR (# 17) + % of BO (# 20) _____ + _____ =	29
GR Amt. From App.	15	= Eligible % Limit Remaining	30
÷ Total Const. Contract (# 14)	16	X Const. Contract + GR + BO (# 22)	31
= % of GR	17	= Builder Profit Limit	32

*Security during construction is applicable to Detroit Projects only.

**PRESERVATION HOLDBACK
DEVELOPER FEE LIMIT CALCULATION**
(Applies to projects over 50 units)

NAME OF PROJECT _____ **# OF UNITS** _____

ACQUISITION		REHAB	
Total Land Costs	1	Total Development Cost	5
+ Total Building Acquisition Costs	2	+/- Adjustments Reasons	6
			7
			8
= Total Acquisition Costs	3	= Adjusted TDC	9
	X 10%	- Dev. Fee + Overhead + Con. Fee	10
Acquisition Developer Fee Limit	4	= Readjusted TDC	11
		- Total Acquisition Costs	12
		= Total Rehab Costs	13
			X 15%
		Rehab Developer Fee Limit	14
		+ Acq. Dev. Fee Limit	15
		= TOTAL FEE LIMIT	16

For Preservation Holdback projects, a developer fee of 15% will be allowed on the rehabilitation and 10% on the acquisition. For projects of 50 units or less, a developer fee of 15% will be allowed for both acquisition and rehab.